Alberta Economic Development

2002-2003 ANNUAL REPORT

104-02436/

TABLE OF CONTENTS

1 Preface

3 Minister's Accountability Statement

5 Message from the Minister

7 Management's Responsibility for Reporting

9 Overview

11 Ministry Entities

12 Operations

15 Results Analysis

17 Deputy Minister's Message

19 Report of the Auditor General

20 Ministry Expense by Core Business

21 Results

23 Goal 1: Sustainable Economic Growth and Diversification in Alberta

29 Goal 2: Alberta's Organizations are Globally Competitive

35 Goal 3: Alberta is Viewed by Those in Our Primary Markets as an Attractive Place to Live, Visit, Invest, and Do Business

40 Management Discussion and Analysis

40 Summary of Results

41 Looking Forward

43 Financial Information

45 Auditor's Report

65 Other Information

67 Achievements for Specific Initiative

73 Alphabetical List of Government Entities' Financial Statements

PREFACE

The Public Accounts of Alberta are prepared in accordance with the *Financial Administration Act* and the *Government Accountability Act*. The Public Accounts consist of the annual report of the Government of Alberta and the annual reports of each of the 24 Ministries.

The annual report of the Government of Alberta released June 24, 2003 contains the Minister of Finance's accountability statement, the consolidated financial statements of the Province and a comparison of the actual performance results to desired results set out in the government's business plan, including the *Measuring Up* report.

This annual report of the Ministry of Economic Development contains the Minister's accountability statement, the audited financial statements of the Ministry and a comparison of actual performance results to desired results set out in the ministry business plan. This Ministry annual report also includes **other financial information as required by the Financial Administration Act and Government Accountability Act, either as separate reports or as part of financial statements, to the extent that the Ministry has anything to report.**

MINISTER'S ACCOUNTABILITY STATEMENT

The Ministry's Annual Report for the year ended March 31, 2003, was prepared under my direction in accordance with the *Government Accountability Act* and the government's accounting policies. All of the government's policy decisions as at September 16, 2003, with material economic or fiscal implications of which I am aware have been considered in the preparation of this report.

Mark Norris
MINISTER OF ECONOMIC DEVELOPMENT

"Optimism is essential to achievement and... the foundation of courage and true progress."

NICHOLAS MURRAY BUTLER

ALBERTA ECONOMIC DEVELOPMENT 2002-2003 ANNUAL REPORT

MESSAGE FROM THE MINISTER

A positive outlook, an unbeatable spirit and a willingness to work even harder when faced with difficulties are attributes for which Albertans are well known. These qualities served us well last year as serious global issues — issues like the war in Iraq and severe acute respiratory syndrome (SARS) — affected not only Alberta, but provinces, states and countries worldwide. Our collective optimism enabled us to look at these difficulties, find ways to minimize their impact upon us and successfully move forward.

When our economy was shaken by these events, we believed our solid economic foundation would help us to weather the storms and provide stability during these uncertain times. We took steps to ensure "business as usual." Our optimism remained strong and so did our economy.

When our relationship with the United States became strained because of Canada's position regarding the war in Iraq, we firmly believed that any misunderstandings could be resolved and that our relationship could withstand any difficulty. We worked hard to strengthen ties with our longstanding friend, neighbour and trading partner.

When SARS affected our tourism industry, we revised our marketing strategies to focus on what we could do, rather than what we could not. We encouraged Albertans and our neighbours in other provinces to travel in Alberta.

On each occasion, our positive attitude saw us through.

Our aim in the coming year is to take steps that will ensure Alberta remains strong and optimistic well into the future. I have designated five priorities for Alberta Economic Development, all of which work toward achieving this goal:

- Securing Tomorrow's Prosperity, a value-added strategy that supports the development of a more broadly-based economy,
- international trade and investment marketing,
- tourism marketing and development,
- Aboriginal economic development, and
- regional and rural economic development.

Albertans have confidence in their province and its economy. Like Albertans, others also believe Alberta's economy has great potential and will continue to grow. The Conference Board of Canada predicts that Alberta will lead the nation in GDP growth in 2003 and 2004.

With this optimistic outlook, we can overcome any difficulties and continue to progress. We will see opportunities rather than obstacles. And, we will keep our province prosperous for future generations.

Mark Norris
MINISTER OF
ECONOMIC DEVELOPMENT

MANAGEMENT'S RESPONSIBILITY FOR REPORTING

The Ministry of Economic Development includes the Department of Economic Development.

The executives of the department have the primary responsibility and accountability for the department. Collectively, the executives ensure the Ministry complies with all relevant legislation, regulations and policies.

Ministry business plans, annual reports, performance results and the supporting management information are integral to the government's fiscal and business plans, annual report, quarterly reports and other financial and performance reporting.

Responsibility for the integrity and objectivity of the financial statements and performance results for the Ministry rests with the Minister of Economic Development. Under the direction of the Minister I oversee the preparation of the Ministry's annual report, including financial statements and performance results. The financial statements and the performance results, of necessity, include amounts that are based on estimates and judgments. The financial statements are prepared in accordance with the government's stated accounting policies.

As deputy minister, in addition to program responsibilities, I establish and maintain the Ministry's financial administration and reporting functions. The Ministry maintains systems of financial management and internal control which give consideration to costs, benefits and risks that are designed to:

- provide reasonable assurance that transactions are properly authorized, executed in accordance with prescribed legislation and regulations, and properly recorded so as to maintain accountability of public money;
- provide information to manage and report on performance;
- safeguard the assets and properties of the province under Ministry administration;

- provide Executive Council, Treasury Board, the Minister of Finance and the Minister of Economic Development any information needed to fulfill their responsibilities; and
- facilitate preparation of Ministry business plans and annual reports required under the *Government Accountability Act*.

In fulfilling my responsibilities for the Ministry, I have relied, as necessary, on the executive of the department.

Barry Mehr
Deputy Minister
Ministry of Economic Development

SEPTEMBER 16, 2003

OVERVIEW

ALBERTA ECONOMIC DEVELOPMENT 2002-2003 ANNUAL REPORT

VISION

Alberta is the best place in the world to live and do business.

MINISTRY ENTITIES

MISSION

To promote Alberta's continuing prosperity.

The Ministry of Economic Development includes the Department of Economic Development. The Ministry works in partnership with Alberta Economic Development Authority (AEDA) and the Strategic Tourism Marketing Council (STMC).

ALBERTA ECONOMIC DEVELOPMENT AUTHORITY (AEDA)

- AEDA is a private sector volunteer advisory body that works in partnership with the government to help shape policies and strategies for the economy by providing advice on business and economic development issues.
- Visit www.alberta-canada.com/aeda/aeda.cfm for more information about the Authority, including the Annual Activity Report.

STRATEGIC TOURISM MARKETING COUNCIL (STMC)

- The STMC is an advisory body with both government and private sector representation.
- It provides guidance to the Travel Alberta Secretariat regarding tourism marketing.
- It also approves the Strategic Tourism Marketing Plan.

OPERATIONS

CONTACT INFORMATION

Alberta Economic Development
DEPUTY MINISTER: Barry Mehr
6 Th Floor Commerce Place
10155 - 102 Street
Edmonton, AB T5J 4L6
Tel: (780) 427-0662
Fax: (780) 427-2852

Alberta Economic Development
DIRECTOR, CORPORATE COMMUNICATIONS: Mark Erdman
6 Th Floor Commerce Place
10155 - 102 Street
Edmonton, AB T5J 4L6
Tel: (780) 427-0528
Fax: (780) 427-1529

Alberta Economic Development Authority
DIRECTOR OF OPERATIONS: Doug Neil
McDougall Centre
455 - 6 Street SW
Calgary, AB T2P 4E8
Tel: (403) 297-3022
Fax: (403) 297-6435

The ministry's core businesses include:

- Strategic economic leadership,
- Strategic intelligence that drives industry development, and
- Positioning and promoting Alberta for tourism, trade and investment.

These core businesses are accomplished through department staff in offices in Edmonton and Calgary and in regional economic development offices in Grande Prairie, Peace River, St. Paul, Edson, Camrose, Red Deer, Lethbridge and Medicine Hat.

International offices operate in China, Hong Kong, Japan, South Korea, United States (Portland), Taiwan, Mexico and Germany. In addition, an office will be opened in London, England in the fall of 2003.

The functions of the department include:

- Economic development policy and planning,
- Economic and business information and intelligence,
- Trade development,
- Investment attraction,
- Industry development,
- Regional development,
- Tourism development, and
- Tourism marketing.

Staff work with other government departments, industry associations and private businesses to achieve common objectives and to share costs. All areas in the ministry have become more strategic and collaborative in their approach.

Tourism marketing initiatives are carried out through the Travel Alberta Secretariat. The Strategic Tourism Marketing Council (STMC), an advisory body with both government and private sector representation, provides guidance to the secretariat and approves the Strategic Tourism Marketing Plan. In turn, the Travel Alberta Secretariat contracts with agencies for both in-province, national and international tourism marketing. Along with destination marketing awareness, various marketing projects are carried

out in partnership with the private sector. The Travel Alberta Secretariat also provides tourism marketing support to six Tourism Destination Regions throughout the province.

In support of tourism marketing, the department provides tourism services through:

- A centralized contact centre,
- Ten visitor information centres, and
- The **TravelAlberta.com** Web site.

Alberta Economic Development works with tourism operators, investors, developers and other stakeholders to develop, enhance and expand Alberta's tourism product base.

In 2002-03 the Alberta Film Commission was transferred from the private sector to government, and operational offices were established in both Edmonton and Calgary to more effectively grow the Alberta film industry. The commission developed a strategic business plan that will guide operations over the next three to five years.

These operations are supported by finance and administration, human resources, information management, information technology, strategic planning and through an operating agreement with the Alberta Corporate Service Centre.

RESULTS ANALYSIS

"Motor racing is the purest form of team event. It's not just the driver. The car has to be prepped, the setup has to be right, the strategy has to be right. That takes the whole team playing along. And once the race starts, there's no turning back. You can't take a time-out."

JOHN LACEY

DEPUTY MINISTER'S MESSAGE

Like motor racing, economic development is a team event.

Collaboration — within the ministry, with industry, within government, with communities — is key to Alberta Economic Development's operational success. Only through partnerships can we effectively provide our services and work toward achieving our goals.

In all areas of our operation, partnerships are central to the way we work. Within the ministry, sector teams work to promote and assist high priority industries. These teams include a cross-section of Alberta Economic Development staff members with a range of expertise. Some teams include members from other ministries and from industry, and all have close working relationships with industry associations.

With the help of other government ministries and industry, a value-added strategy was drafted for our province. Securing Tomorrow's Prosperity supports the development of a more broadly-based economy, one focused upon producing value-added goods and services. Once approved by government, the assistance of others will again be required to implement the strategy.

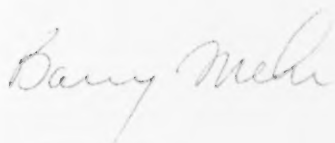
The ministry also receives ongoing advice and support from the private sector through the Alberta Economic Development Authority, the Strategic Tourism Marketing Council and the Agri-Food Industry Advisory Working Group. These groups of industry experts provide valuable economic development and tourism marketing counsel. The authority focuses on policy recommendations. For example, it is a sponsor and mentor of Securing Tomorrow's Prosperity.

As well as participating in cooperative initiatives, Alberta Economic Development facilitates partnerships, networks and alliances, helping others to form collaborative ventures. For example, Alberta Economic Development encourages and supports the formation of regional economic development alliances throughout the province. Through these alliances, communities work together to attract business and investment to their regions. The first regional economic development alliance conference, held last year, enabled Alberta communities to meet with one another and share best practices.

At other times, the ministry facilitates business partnerships. For example, last year the Alberta Japan office worked with the Calgary regional office to help two Japanese companies find an Alberta distribution partner. The businesses involved have since formed a joint venture company.

The need for partnerships can only increase as the global market gains momentum and people throughout the world become even more interconnected. And, with knowledge and innovation assuming greater economic importance, working with others will be paramount.

In the year ahead, Alberta Economic Development will work to strengthen and expand its partnerships. Pooling our knowledge and skills ensures Alberta Economic Development provides the best possible services in a relevant timeframe to assist industry investment decisions. Ultimately, it helps us to support Alberta's economy and ensure it remains strong in the years ahead.



Barry Mehr
Deputy Minister
Ministry of Economic Development

REPORT OF THE AUDITOR GENERAL ON THE

RESULTS OF APPLYING SPECIFIED AUDITING PROCEDURES TO PERFORMANCE MEASURES

AUDITOR GENERAL *Alberta*

To the Members of the Legislative Assembly

In connection with the Ministry of Economic Development's performance measures included in the *2002-2003 Annual Report of the Ministry of Economic Development* I have:

1. Agreed information from an external organization to reports from the organization or where information is reported as not available, confirmed that the information is not available.
2. Agreed information from reports that originated from organizations included in the consolidated financial statements of the Ministry to source reports. In addition, I tested the procedures used to compile the underlying data into the source reports.
3. Checked that the presentation of results is consistent with the stated methodology.
4. Checked that the results presented are comparable to stated targets, and information presented in prior years.
5. Checked that the performance measures, as well as targets, agree to and include results for all of the measures presented in Budget 2002.

As a result of applying the above procedures, I found the following exception.

I was unable to test the controls used to compile the data for one measure, *Total number of qualified sales/investment leads for the Effectiveness of International Offices*. Therefore, I was unable to complete procedures 2, 3 and 4 for this measure.

Procedures 1 to 5, however, do not constitute an audit and therefore I express no opinion on the performance measures included in the *2002-2003 Annual Report of the Ministry of Economic Development*.

Fred J. Dunn FCA
Auditor General

EDMONTON, ALBERTA
SEPTEMBER 2, 2003

MINISTRY OF ECONOMIC DEVELOPMENT

MINISTRY EXPENSE BY CORE BUSINESS

FOR THE YEAR ENDED MARCH 31, 2003
(IN THOUSANDS)

	2003		2002
CORE BUSINESS	BUDGET BEFORE SUPPLEMENTARY ESTIMATE*	ACTUAL	ACTUAL
1. Strategic economic leadership	3,278	**3,450**	3,046
2. Strategic intelligence that drives industry development	22,733	**22,406**	22,144
3. Positioning and promoting Alberta for tourism, trade and investment	21,193	**24,974**	21,740
Support services	4,173	**4,171**	3,927
Valuation adjustments and other provisions		**258**	53
TOTAL MINISTRY EXPENSE	**$51,377**	**$55,259**	**$50,910**

* The ministry received additional supplementary estimate funding of $4.0 million for tourism marketing and services in 2002-03 budget for the ministry to $55.4 million (see page 60 for more detail)

RESULTS

Alberta Economic Development made substantial progress toward the goals and objectives outlined in the 2002-05 Business Plan. This section reports on both key achievements and performance measures for each of the three goals. Performance measures include both broad economic indicators and more direct measures of the department's activities.

Alberta Economic Development promoted sustainable economic growth and diversification by providing leadership in the development of economic strategies, facilitating regional economic development and providing information and intelligence to Alberta companies.

Economic Growth

GOAL ONE: SUSTAINABLE ECONOMIC GROWTH AND DIVERSIFICATION IN ALBERTA

OBJECTIVE 1: TO FACILITATE ECONOMIC GROWTH AND DIVERSIFICATION THROUGH COLLABORATIVE STRATEGIC PLANNING AND POLICY

Key Achievements:

- Led the Economic Development Strategy Cross Ministry Initiative, which involved significant collaboration and team work across ministries to support progress on all four objectives.
- Completed the first draft of the value-added strategy, Securing Tomorrow's Prosperity, after extensive consultations with executives from both industry and other government departments.
- Provided executive support for Alberta Economic Development Authority's governance and membership restructuring – and for initiatives such as Access to Capital Task Force, Recommendations on Addressing Skilled Labour Shortage and The Global Business Forum.
- Assessed the drivers of Alberta's competitive position by commissioning reports comparing the Alberta business environment with competing locations in Canada and the United States. These and other reports provided information and intelligence to support business decision-making and supported the development of policies to strengthen the Alberta Advantage.
- Prepared the draft report *Building a Better Tomorrow: the Government of Alberta's Response to the Report on the Alberta Future Summit 2002* and developed supporting strategies and ideas for action.
- Participated in initiatives to monitor and evaluate trends and issues that impact Alberta government policy and programs.

GOAL ONE
(CONTINUED)

THE BUSINESS LINK

- Serves the information needs of Alberta's small business community by providing business people with access to accurate, timely and relevant information and referrals.
- Works with over 30 regional access sites to ensure delivery of business services throughout Alberta.
- Over 347,600 Web site visits were recorded for the fiscal year and over 26,800 client contacts (by phone, walk-in and other means).
- See www.cbsc.org/alberta or call 1-800-272-9675.

CALGARY BUSINESS INFORMATION CENTRE

- Provides information services for the Calgary area.
- Over 346,000 Web site visits were recorded for the fiscal year.
- See www.calgary-smallbusiness.com or call 403-221-7800.

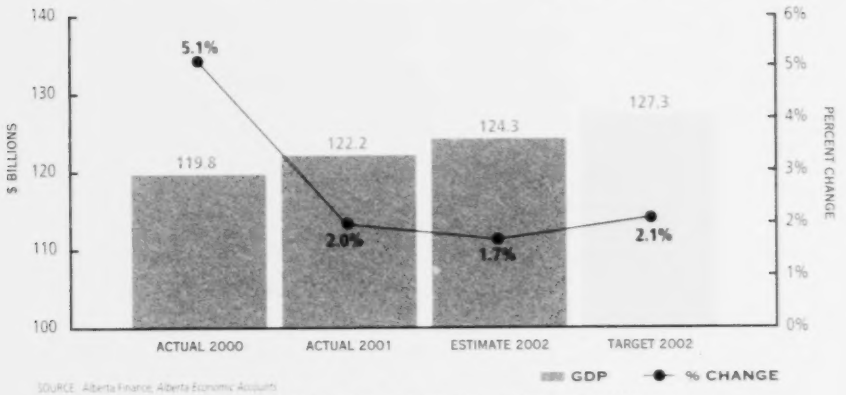
OBJECTIVE 2: INCREASE PARTICIPATION OF ALBERTA COMMUNITIES IN REGIONAL ECONOMIC DEVELOPMENT

Key Achievements:

- Facilitated the creation of regional economic development alliances and provided support to existing alliances. One new alliance was created in northwestern Alberta and another is under development in southwestern Alberta. Community membership increased amongst most of the existing alliances, including participation by Aboriginal communities. Support to alliances included a first ever conference, co-sponsored by the Alberta Economic Development Authority. (See Table 2 in the "Other Information" section for more information about regional alliances.)
- Led the regional economic development objective of the cross-ministry Economic Development Strategy, involving nine other provincial ministries. Under this objective, a pilot project with the Central Alberta Economic Partnership was initiated to better co-ordinate and integrate government regional economic development efforts.
- Provided Alberta communities with new economic development tools including economic development training, in partnership with the Economic Developers Association of Alberta, and a wealth of community business information on AlbertaFirst.com.
- Supported the Business Link in enhancing services to small and medium-sized enterprises. Eleven small-scale E-Future Centres were established across the province that provided information on e-business options for small business. A new Web site was also developed.
- Provided Aboriginal business services and support through The Business Link, including six smaller scale Aboriginal business services sites, a service providers' database, a directory of services for Aboriginal entrepreneurs and two new publications customized for encouraging Aboriginal business startups.

PERFORMANCE MEASURES

GROSS DOMESTIC PRODUCT (GDP) (CONSTANT 1997 DOLLARS)[1]

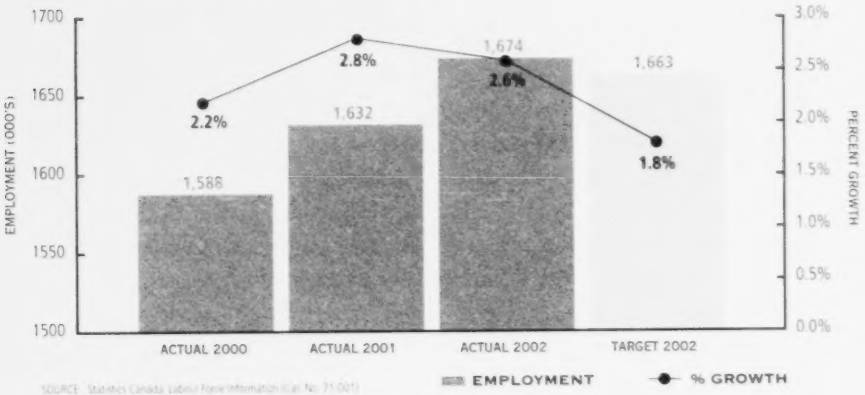


SOURCE: Alberta Finance, Alberta Economic Accounts

NOTES: (A) Actual figures for 2000 and 2001 are based on the most current data as of July 2003.
(B) Per cent change figures are calculated from unrounded data.

- The estimate for real GDP was below target for 2002. Moderate growth was primarily the result of a weak export market due to a slow U.S. economy. However, consumer and investment sectors remained strong.

AVERAGE ANNUAL EMPLOYMENT

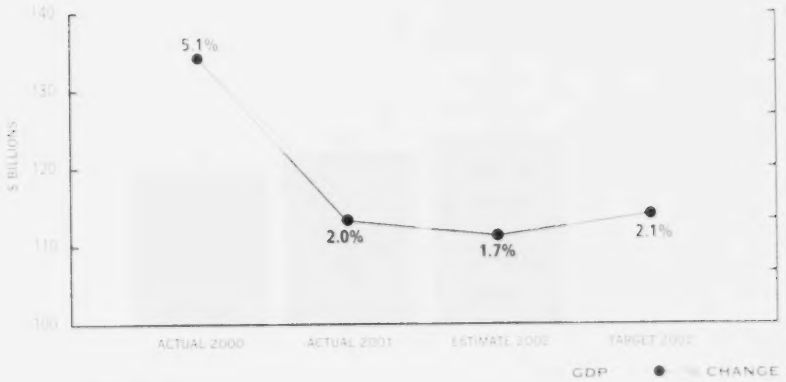


SOURCE: Statistics Canada, Labour Force Information (Cat. No. 71-001)

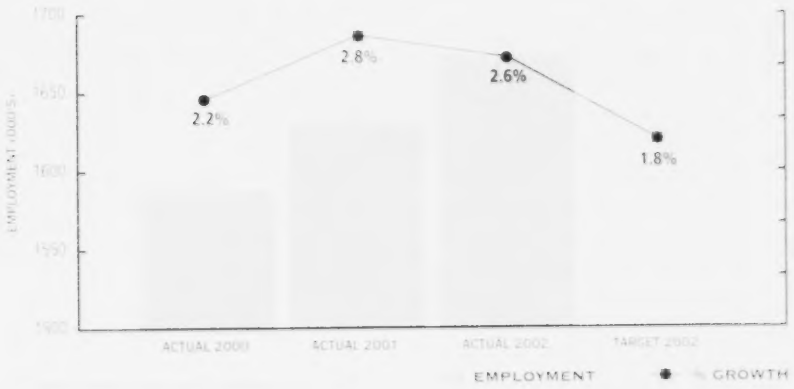
NOTE: Per cent change figures are calculated from unrounded data.

- Employment was above target for both the number employed and the per cent growth, stimulated by strong growth in health care, retail trade and construction.

PERFORMANCE MEASURES



- The estimate for real GDP was below target for 2002. Moderate growth was primarily the result of a weak export market due to a slow U.S. economy. However, consumer and investment sectors remained strong.



- Employment was above target for both the number employed and the per cent growth, stimulated by strong growth in health care, retail trade and construction.

GOAL ONE
(CONTINUED)

RANKING OF COST COMPETITIVENESS

SECTORS/SUBSECTORS	ACTUAL 2001-02 CALGARY	ACTUAL 2001-02 EDMONTON	ACTUAL 2002-03 CALGARY	ACTUAL 2002-03 EDMONTON	TARGET 2002-03 CALGARY	TARGET 2002-03 EDMONTON
Food Processing	2	1	2	1		
Health Care Products & Services						
Pharmaceuticals	2	1	3	1		
Medical Devices	2	1	2	1		
Biomedical R&D	3	1	4	1	To maintain or improve ranking	
Information, Communication and Technology (ICT)						
Advanced Software	2	1	3	1		
Electronics Assembly	2	1	2	1		
Electronic Product Development/Testing	3	1	4	1		
Industrial Machinery/Metal Components	4	2	4	3		
Plastic Products	4	3	5	3		
Specialty Chemicals	2	1	2	1		

SOURCE: KPMG Consulting

- This measure provides a ranking of the cost of doing business (from lowest to highest) by sector in Calgary and Edmonton compared to 11 other major cities in North America.[2]
- Changes in rankings between 2001-02 and 2002-03 are based on changes in taxes and the value of the Canadian dollar, using the same operating costs for both years. Rankings for Edmonton were maintained for nine out of 10 industry categories; while Calgary rankings were maintained for five out of 10. Although the goal of improving or maintaining the ranking of costs competitiveness was not achieved, both cities continue to rank high in comparison to the six Canadian and seven U.S. cities.

---

[2] These rankings are based on the KPMG custom cost model developed for use by Alberta Economic Development to evaluate the competitiveness of Alberta business locations for selected industries based on 27 cost components. Although the model has been expanded to include other cities since it was introduced, six Canadian cities (Calgary, Edmonton, Vancouver, Toronto, Ottawa and Montreal) and seven US cities (Boise, Boston, Colorado Springs, Minneapolis, Phoenix, San Jose and Seattle) are compared for the purpose of this performance measure. For a complete description of the model and the 2002 report (*2002 KPMG Competitive Alternatives Study*) see www.competitivealternatives.com.

SATISFACTION WITH PUBLICATIONS (BIENNIAL)

	ACTUAL 2000-01	ACTUAL 2002-03	TARGET 2002-03
Per cent of subscribers satisfied with AED publications[3]	96	96	95

SOURCE: Alberta Economic Development

- A survey of clients who subscribe to the department's economic and business publications is conducted every two years.
- The survey conduced in 2002-03 showed an overall satisfaction of 96 per cent, slightly above the target of 95 per cent.

POPULATION INCLUDED IN REGIONAL ALLIANCES

	ACTUAL[4] 2000	ACTUAL 2001	ACTUAL 2002	TARGET 2002
Population (millions)	-	2.4	2.6	2.5

SOURCE: Statistics Canada 2001 Census and Official Population List, Alberta Municipal Affairs

- The population of Alberta included in regional alliances was 2.6 million in 2002, slightly above target. One new alliance was created and the number of communities participating in existing alliances increased overall.

[3] Per cent satisfied is based on a survey of subscribers to the publications, both print (based on a mailing list) and on-line (based on a list of those who requested an e-mail alert), who were either "somewhat satisfied" or "very satisfied" overall with the publication(s) they received. The print subscribers were interviewed by telephone by a research consulting firm (Malatest & Associates). The on-line subscribers were asked to participate in an on-line survey, which was carried out internally. Of the 1,661 total subscribers, 249 completed the surveys, resulting in a margin of error of + or - 3.9 per cent.

[4] Data for 2000-01 is not available.

Alberta Economic Development helped to strengthen the competitiveness of Alberta's organizations by providing competitive intelligence, facilitating business contacts, promoting the Alberta Advantage, encouraging the adoption of new technology and supporting tourism development.

Globally Competitive

GOAL TWO: ALBERTA'S ORGANIZATIONS ARE GLOBALLY COMPETITIVE

OBJECTIVE 1: INCREASE EXPORTS OF ALBERTA VALUE-ADDED GOODS AND SERVICES

Key Achievements:

- Provided strategic and competitive intelligence to support access to international markets by Alberta businesses. The Electronic Business Intelligence Service (EBIS) was launched successfully to provide such intelligence for the environment and oil and gas sectors in Mexico.
- Promoted the Alberta Advantage and Alberta business capabilities internationally through major international events, such as the Global Petroleum Show in Calgary and the Offshore Technology Conference (OTC) in Houston (see Table 1 in the "Other Information" section for a list of trade shows and missions). Several successful Premier or Minister led missions to international markets were also organized.
- Assisted 80 Alberta companies and organizations with international financial institution (IFI) related matters, organized nine outreach events that attracted IFI participation, and facilitated partnerships between 18 separate organizations (including industry associations, government organizations and government work teams).
- Leveraged department resources through partnerships with other government departments. For example, the international offices provided logistical support to missions led by other departments, and Alberta capabilities were promoted at major trade shows in partnership with the federal government and various industry associations.

GOAL TWO (CONTINUED)

OBJECTIVE 2: INCREASE THE COMPETITIVENESS OF ALBERTA'S VALUE-ADDED SECTORS

Key Achievements:

- Supported the development or acquisition of business improvement processes and new technology. For example, the department partnered with the Canadian Manufacturers and Exporters to offer a series of lean thinking workshops across Alberta and an *Excellence in Lean Manufacturing Forum*. The forum introduced lean manufacturing techniques for productivity and competitiveness improvements to more than 200 Alberta companies.
- Commissioned feasibility studies to identify opportunities for industrial development and commercialization of technology. For example, a study was undertaken – in partnership with Nova Chemical, Shell Canada, Suncor Energy, Alberta Energy and the Alberta Energy Research Institute – that demonstrated the feasibility of using oil sands as a source of petrochemical feedstock.
- Facilitated partnerships, networks and alliances. For example, business forums were organized with various industry associations and regional economic development organizations enabling more than 250 Alberta companies to identify and pursue supply relationships on industrial projects. Buyers included Alberta and U.S. companies.
- Conducted a series of workshops in association with Trade Team Alberta[5], on exporting procedures, policies and regulations for more than 200 Alberta companies interested in improving access to their products and services in foreign markets.

[5] An initiative to organize, coordinate and streamline government programs and services in support of Alberta companies in international trade. It is based on a memorandum of understanding (MOU) between the governments of Canada and Alberta signed in April 1995.

OBJECTIVE 3: FACILITATE THE GROWTH AND EXPANSION OF MARKETABLE TOURISM PRODUCT

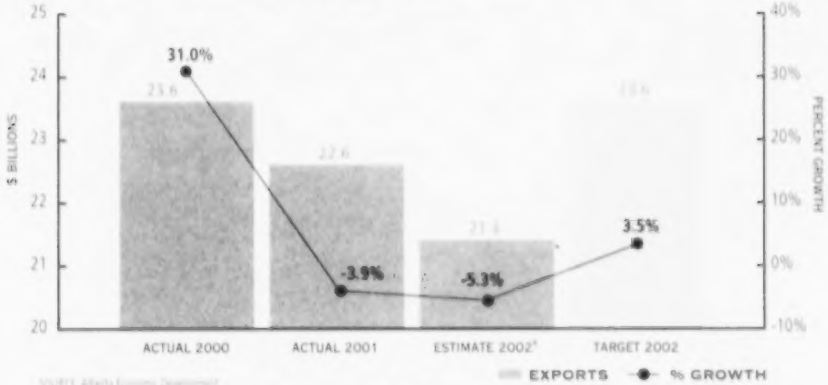
Key Achievements:

- Provided information and expertise to facilitate the development of tourism products by publishing a tourism development handbook, updating resource material on the department's Web site and providing advisory services.
- Promoted the development of the tourism industry by participating on interdepartmental land use strategies and management plans.
- Participating in the development of a conceptual framework for a new tourism signage policy for Alberta highways, including new signage categories, criteria and approval processes.
- Participated as a member on the Provincial/Territorial Tourism Ministers Working Group on Air Access, undertaking research, and collectively advocating to the federal government for more liberalized international air policy.
- Supported the preparation of regional tourism strategies. For example, the department undertook an assessment of the tourism development potential of the southern area of the eastern slopes, in collaboration with other provincial departments and local municipalities.
- Provided research and analysis to support the recommendations of the Alberta Economic Development Authority tourism report. A study to determine the needs of investors in growing and developing Alberta's tourism industry was initiated, and further analysis was undertaken to assess crown lands suitable for further tourism development.
- Collaborated with Alberta Community Development to prepare an overview of the appropriate role of parks and protected areas in the north eastern slopes of the Rocky Mountains, and participated in the development of park management plans to identify ongoing and future tourism opportunities.
- Coordinated provincial government input on national parks issues by hosting meetings with Parks Canada to share information and collaborate on inter-jurisdictional issues.

GOAL TWO (CONTINUED)

PERFORMANCE MEASURES

MANUFACTURING AND SERVICE EXPORTS



SOURCE: Alberta Economic Development

NOTE: (A) Actual figures for 2000 and 2001 are based on the most current data as of July 2003.
(B) Per cent change figures are calculated from unrounded data.

- This measure includes the value of Alberta's international exports of manufactured goods and services.
- Exports declined below target last year to an estimated value of $21.4 billion. The decline in manufacturing and service exports was driven by a drop in prices for major commodities, such as chemicals and petrochemicals. Telecom equipment sales also declined substantially.

OUTGOING TRADE SHOWS AND MISSIONS[1]

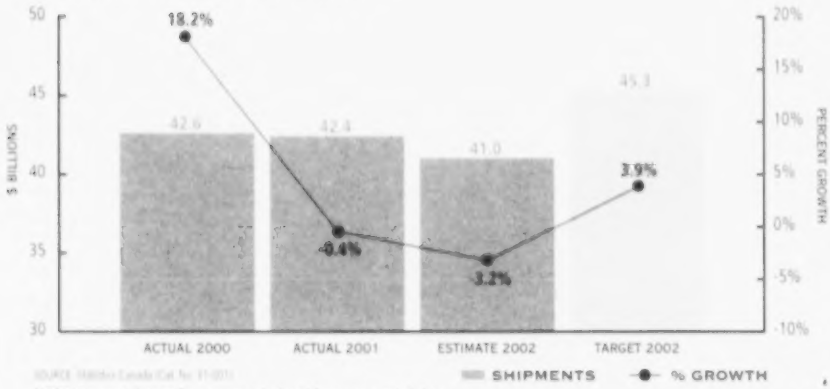
	ACTUAL 2000-01	ACTUAL 2001-02	ACTUAL 2002-03	TARGET 2002-03
Per cent of companies who indicated AED was helpful to them in achieving their goals	96	99	100	90
Per cent of companies satisfied with the quality of business contacts	87	85	74	90

SOURCE: Alberta Economic Development

- Companies that were assisted on outgoing trade shows and missions were surveyed during the year.

- The per cent of respondents that indicated AED was helpful to them in achieving their goals was above target; however, the per cent that were satisfied with the quality of business contacts was down from the previous year and below target. The lower satisfaction regarding the quality of business contacts was likely due to economic slowdown in some sectors. For example, satisfaction of the quality of business contacts was low for trade shows related to the agriculture industry.

MANUFACTURING SHIPMENTS



SOURCE: Statistics Canada (Cat. No. 31-001)

NOTE: Per cent change figures are calculated from unrounded data.

- This measure includes the total annual value of all manufacturing shipments by Alberta companies to other provinces, countries and within Alberta.
- Shipments were down slightly compared to last year and below the target of $45.3 billion. The decline in shipments was largely due to lower commodity prices and slower telecom equipment sales.

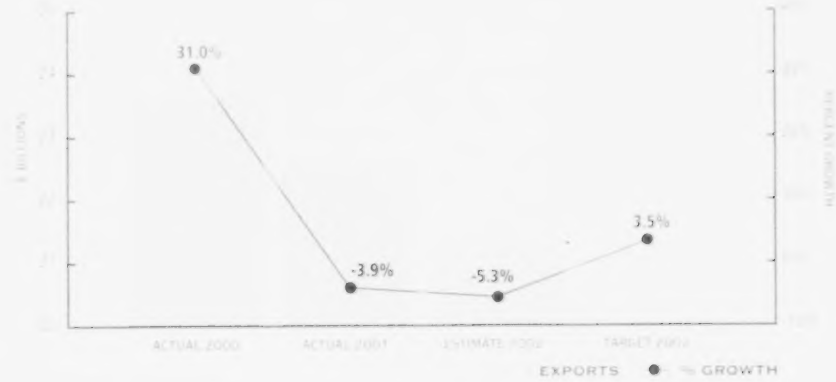
EMPLOYMENT IN VALUE ADDED SECTORS[6]

	ACTUAL 2000	ACTUAL 2001	ACTUAL 2002	TARGET 2002
Per cent of total employed	15.6	16.2	16.1	16.4

SOURCE: Statistics Canada, Labour Force Information (Cat. No. 71-001)

- The per cent employed in value-added sectors of the economy declined slightly and was below the target of 16.4 per cent. Employment increased in these sectors but did not outpace total employment.

PERFORMANCE MEASURES

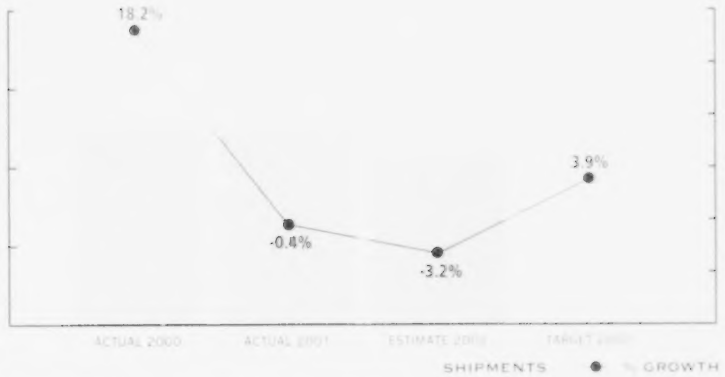


- This measure includes the value of Alberta's international exports of manufactured goods and services.
- Exports declined below target last year to an estimated value of $21.4 billion. The decline in manufacturing and service exports was driven by a drop in prices for major commodities, such as chemicals and petrochemicals. Telecom equipment sales also declined substantially.

	ACTUAL 2000-01	ACTUAL 2001-02	ACTUAL 2002-03	TARGET 2002-03
Per cent of companies who indicate AED was helpful to them in achieving their goals	96	99	100	90
Per cent of companies satisfied with the quality of business contacts	87	85	74	90

- Companies that were assisted on outgoing trade shows and missions were surveyed during the year.

- The per cent of respondents that indicated AED was helpful to them in achieving their goals was above target; however, the per cent that were satisfied with the quality of business contacts was down from the previous year and below target. The lower satisfaction regarding the quality of business contacts was likely due to economic slowdown in some sectors. For example, satisfaction of the quality of business contacts was low for trade shows related to the agriculture industry.



- This measure includes the total annual value of all manufacturing shipments by Alberta companies to other provinces, countries and within Alberta.
- Shipments were down slightly compared to last year and below the target of $45.3 billion. The decline in shipments was largely due to lower commodity prices and slower telecom equipment sales.

	ACTUAL 2000	ACTUAL 2001	ACTUAL 2002	TARGET 2002
Per cent of total employed	15.9	16.2	16.1	16.4

- The per cent employed in value-added sectors of the economy declined slightly and was below the target of 16.4 per cent. Employment increased in these sectors but did not outpace total employment.

Alberta Economic Development promoted the province as an attractive place to live, visit, invest and do business through tourism marketing, investment attraction and a targeted immigration program.

Live, Visit, Invest

GOAL THREE: ALBERTA IS VIEWED BY THOSE IN OUR PRIMARY MARKETS AS AN ATTRACTIVE PLACE TO LIVE, VISIT, INVEST AND DO BUSINESS

OBJECTIVE 1: INCREASE ALBERTA'S SHARE OF VISITORS AND REVENUE FROM TARGETED CANADIAN AND INTERNATIONAL TOURISM MARKETS

Key Achievements:

- Developed effective marketing programs through Travel Alberta, including destination marketing campaigns such as the In-province Summer Marketing Campaign that resulted in heightened awareness of Alberta destinations. Similar programs were carried out in key markets within the United States, United Kingdom, Europe and Asia-Pacific.
- Enhanced marketing programs with an additional funding of $4 million to help address challenges facing the Alberta tourism industry. Challenges included airline instability, under-performing economies in primary markets, conflict in the Middle East and severe acute respiratory syndrome (SARS). The additional funding resulted in year-end actual expenses exceeding the original budget by appropriately $4 million for core business three (positioning and promoting Alberta).
- Managed cost-effective co-operative marketing projects. Of the 53 in-province marketing projects completed in 2002-2003, 74 per cent met or exceeded the objectives of the projects. Of the 391 national and international projects completed, 95 per cent met or exceeded objectives.
- Enhanced the Travel Alberta Web site (www.travelalberta.com) by including Web links to the tourism intranet and modifications to searching functionality.
- Improved information and travel counselling services to consumers through the Travel Alberta Contact/Distribution Centre and Visitor Information Centres (VICs). For example, training for tourism counsellors at Travel Alberta Visitor Information Centres was enhanced through increased emphasis on selling and promoting Alberta's attractions and destinations. A visitor information kiosk was also set up at the Calgary International Airport.
- Based on an exit survey completed in the summer of 2002, about 98 per cent of information centre visitors were satisfied with the information and services provided overall.

GOAL THREE
(CONTINUED)

OBJECTIVE 2: GENERATE AND SERVICE INVESTMENT LEADS WITHIN TARGETED SECTORS AND MARKETS

Key Achievements:

- Undertook research to identify industry segments offering investment potential and worked with prospective investors to identify opportunities. For example, a detailed analysis was undertaken regarding investment opportunities in cabinetry, furniture and millwork for investors from Germany, Denmark, Italy and the U.S.
- Consulted with existing investors in Alberta to identify opportunities for expansion and to resolve retention issues.
- Promoted high priority Alberta industry sectors to international organizations for corporate venture and venture capital investment. For example, The Alberta-California Venture Channel Conference was organized to facilitate the meeting of Alberta-based high-tech companies and Silicon Valley investment experts, who provided mentoring as well as investment dollars.
- Implemented the Alberta Provincial Nominee Program (PNP) to facilitate the expeditious immigration of workers addressing critical skill shortages identified by Alberta employers.
- Developed promotional tools to take advantage of Alberta's cost-competitive position as demonstrated by the *KPMG 2002 Competitive Alternatives Study.*
- Developed a new Alberta brand for the film industry, marketing collateral and a new Web site; and undertook two major marketing missions to Los Angeles.

PERFORMANCE MEASURES

Tourism Industry Revenue

	ACTUAL 2000	ACTUAL 2001	ESTIMATE[9] 2002	TARGET[10] 2002
Total tourism revenue ($billion)	4.89	4.86	5.02	4.43
Per cent of Canadian tourism revenue	-	13	N/A	13

SOURCE: Statistics Canada (Cat. Nos. 66-001 and 87-504-XPB)

- Tourism industry revenue includes expenditures made in Alberta by visitors from overseas, the United States, other Canadian provinces and residents of Alberta.
- Tourism revenues increased over the previous year, mainly from strength in the domestic market.

Alberta Market Share of Canadian Overnight Visitors[11]

	ACTUAL 2000	ACTUAL 2001	ACTUAL 2002	TARGET 2002
Per cent of European visitors	13.9	14.4	N/A	15.0
Per cent of Asia-Pacific visitors	16.4	18.7	N/A	16.5
Per cent of United States Visitors	6.5	6.0	N/A	6.0

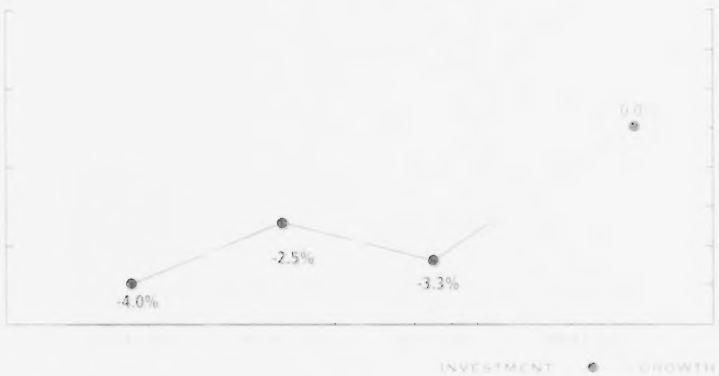
SOURCE: Statistics Canada (Cat. No. 66-001)

Industry Leveraging

	ACTUAL 2000-01	ACTUAL 2001-02	ACTUAL 2002-03	TARGET 2002-03
In-Province Leveraging Ratio	1.7:1	1.7:1	1.7:1	1.5:1
International/National Leveraging Ratio	2.5:1	2.9:1	4.1:1	2.5:1

SOURCE: Alberta Economic Development

- Industry leveraging measures the ratio of funding for tourism product marketing by the Alberta private sector compared to the department. For example, a ratio of 1.7:1 means: "for every one dollar the department contributes, the private sector contributed 1.7 dollars."
- Leveraging ratios remained above the targets in the 2002-03 fiscal year. The leveraging ratio for international and national marketing programs


0.0
-2.5%
-3.3%
-4.0%
INVESTMENT
GROWTH

GOAL THREE (CONTINUED)

increased sharply in 2002-03 to 4.1:1. Both partner participation and partner contributions increased in response to various global situations including SARS, the Iraq War and economic downturn in many of our primary markets.

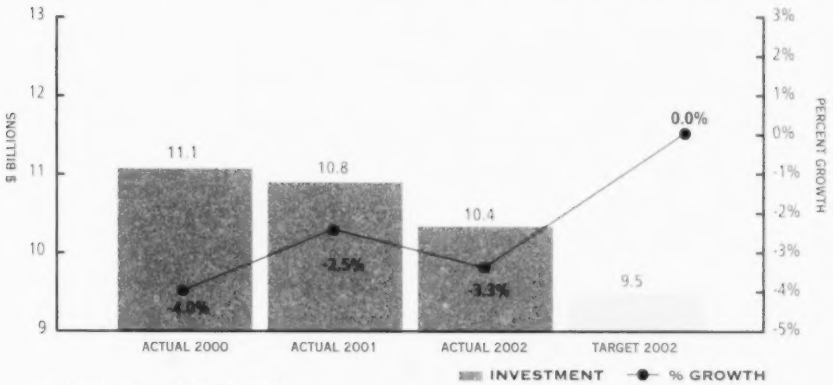
DISSEMINATION OF TOURISM INFORMATION[13]

	ACTUAL 2000-01	ACTUAL 2001-02	ACTUAL 2002-03	TARGET 2002-03
Call centre telephone inquiries	107,612	86,018	69,691	75,000
Other methods of contact	48,819	60,512	67,717	100,000
Tourism information packages distributed	99,617	95,273	97,319	103,400
Number of Web site 'unique users'	100,295	250,172	612,347	150,000

SOURCE: Alberta Economic Development

- This performance measure tracks the dissemination of tourism information. Inquires to the contact centre, other methods of inquiries and the number of tourism information packages distributed were below target for 2002-03; however, the number of Web site unique users has increased well above target.
- The increase in the use of the Web site is a result of increased awareness of TravelAlberta.com, as well as general increase in the use of the Internet as an information tool.

MANUFACTURING AND SERVICE INDUSTRY INVESTMENT



SOURCE: Statistics Canada (Cat. Nos. 61-205 and 61-206)

NOTES: (A) Actual figures for 2000 to 2002 are based on the most current data as of July 2003.
(B) Per cent change figures are calculated from unrounded data.

[13] Call centre inquiries are anticipated to decrease as Web site activity increases. Other methods of contact include facsimile, mail, e-mail and Web site. A unique user is a visitor to the travelalberta.com Web site from a unique Internet Protocol (IP) address, including on-line and repeat visitors from the same IP address or computer terminal. Data for call centre inquiries and information packages distributed is received from Infonxx Inc.

- This measure includes the value of new capital expenditures on construction, machinery and equipment in Alberta's manufacturing and service industries.
- The decrease in investment resulted from lower investment in manufacturing, especially forest products and electronic products. Investment in information and cultural industries and finance and insurance also declined.

Effectiveness of International Offices

	ACTUAL 2001-02	ACTUAL 2002-03	TARGET 2002-03
Total number of business introductions	882	1,122	710
Total number of qualified sales/investment leads[14]	551	440	180
Per cent satisfaction with the products/services of offices[15]	87.4	92.5	90

SOURCE: Alberta Economic Development

- In order to assess the effectiveness of the international offices, three measures are collected: the number of business introductions, the number of qualified sales/investment leads facilitated by international offices and the satisfaction of Alberta organizations and international clients with the services of international offices. Targets for all three measures were exceeded in 2002-03.
- The number of business introductions increased over the previous year; however, there were fewer qualified sales and investment leads.
- The overall satisfaction with services of the international offices was high and improved compared to the previous year.

MANAGEMENT DISCUSSION AND ANALYSIS

SUMMARY OF RESULTS

- Efforts to facilitate growth and diversification and to increase participation in regional economic development were successful. The department's economic and business publications continued to be valued as a source of business intelligence. Participation of communities in regional alliances has become more prevalent. Although Alberta experienced moderate real GDP growth in 2002, strong employment growth continued unrestrained. Collaborative policy and planning, evident through the development of the value-added strategy Securing Tomorrow's Prosperity, will provide a focus for the province's support of economic development in the years to come.
- Slowdowns in manufacturing sectors across North America resulted in declines to value-added exports and manufacturing shipments. Nevertheless, the department continued to provide competitive intelligence for entry into key geomarkets and undertook initiatives to enhance competitiveness, such as lean manufacturing workshops. Support for outgoing trade missions was rated as helpful by all companies surveyed; and about three-quarters of respondents were satisfied with the quality of the contacts they established.
- Effective tourism development and marketing helped to push tourism revenue above $5 billion in 2002. Travel Alberta continued to successfully leverage private sector dollars for tourism marketing campaigns, the use of TravelAlberta.com for tourism information increased beyond expectations, and about 98 per cent of information centre visitors were satisfied with the information and services provided overall.
- Investment in Alberta was supported by research, consultation and marketing

of investment opportunities, and by assisting companies to find skilled workers through the Provincial Nominee Program.

- The international offices were effective in providing support to investment and trade activity with a 92.5 per cent satisfaction rating of clients surveyed.

LOOKING FORWARD

Looking forward, key challenges for the department include the following:

- International conflict has been rising over the past few years, resulting in increased wars, terrorism, strained international relations, greater economic uncertainties and unrest in many countries. Increased global conflict impacts world oil and gas prices and results in difficulties accessing international markets. As Alberta's exports constitute more than one-third of provincial GDP, support for Alberta businesses entering the export market will continue to be a priority.
- There has been some concern over deteriorating Canada-U.S. relations. Trade disputes and Canada's position on security issues, including the war with Iraq, have raised a concern that these differences will compromise the Canada-U.S. economic relationship. Alberta's proactive efforts to strengthen U.S. relations – with states, multi-state organizations and the U.S. government – provides a solid base to support a Canadian strategy to advance key economic and trade objectives. This strategy is necessary given that the U.S. comprises almost 90 per cent of Alberta's international exports, two thirds of Alberta's foreign investment and 60 per cent of foreign tourists to Alberta.
- Droughts in the last two years have brought to light potential water shortages. Increased pressures from a rapidly growing economy and increasing agricultural and municipal water demands are likely to put water quality and supply under considerable strain. Water shortages in some areas of the province, could inhibit economic growth, particularly in industries with high water needs.

- The discovery of a single case of bovine spongiform encephalopathy (BSE) has caused hardship for the provinces beef industry. After the case of BSE was found in May, the U.S. and a number of other countries imposed a ban on Canadian beef and cattle. While those markets are beginning to re-open, the industry has much work to do to return its export figures back to normal. The province slaughters in excess of two million head of cattle per annum and exported over $1.8 billion worth of beef to the U.S. in 2002.
- The rise of the Canadian dollar is expected to continue. In May 2003, the Canadian dollar rose to over 74 cents against the U.S. dollar, an increase of 16 per cent since the beginning of the year. If the trend continues, the value of the dollar will make exports to the U.S. more expensive and will challenge Alberta firms to become more productive in order to remain competitive. Labour productivity rates in Canada are falling in comparison to the U.S. and now sit at about 81 per cent, one of the lowest levels in over 25 years.
- The trend in world trade indicates a major shift from commodities to value-added manufacturing and services. Trade in manufactured goods now accounts for about 80 per cent of the total volume of trade worldwide. Although global trade of commodities is increasing slowly, the long-term trend in real commodity prices is one of significant decline. This decline in commodity prices and the shift toward value-added goods will stimulate Alberta businesses to expand into this rapidly growing export market segment.
- Alberta's growing economy will require the tapping of Alberta's underutilized labour force. Like other jurisdictions, Alberta will continue to experience significant demographic shifts over the next decade, including an aging population, rural depopulation and increasing post-secondary population. These shifts will have a considerable impact on Alberta's ability to continue its rapid economic growth. Employers will need to tap into the under-utilized labour force, which includes skilled immigrants, the Aboriginal working age population, persons with disabilities and youth.

FINANCIAL INFORMATION

FINANCIAL INFORMATION

Auditor's Report

Statement of Operations

Statement of Financial Position

Statement of Changes in Financial Position

Notes to the Financial Statements

Schedule of Revenue

Schedule of Dedicated Revenue Initiatives

Schedule of Expenses –
Directly Incurred Detailed by Object

Schedule of Budget

Schedule of Comparison of Expenses –
Directly Incurred by Element to Authorized Budget

Schedule of Salary and Benefits Disclosure

Schedule of Related Party Transactions

Schedule of Allocated Costs

AUDITOR'S REPORT

AUDITOR GENERAL *Alberta*

To the Members of the Legislative Assembly

I have audited the statement of financial position of the Ministry of Economic Development as at March 31, 2003 and the statements of operations and changes in financial position for the year then ended. These financial statements are the responsibility of the management of the Ministry. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Ministry of Economic Development as at March 31, 2003 and the results of its operations and the changes in its financial position for the year then ended in accordance with Canadian generally accepted accounting principles.

[signature] FCA

Auditor General
Edmonton, Alberta
MAY 23, 2003

MINISTRY OF ECONOMIC DEVELOPMENT

STATEMENT OF OPERATIONS

FOR THE YEAR ENDING MARCH 31, 2003
(IN THOUSANDS)

	2003 BUDGET (SCHEDULE 4)	2003 ACTUAL	2002 ACTUAL
REVENUES (SCHEDULES 1 AND 2)			
Internal Government Transfers	$ 14,100	**$ 14,100**	$ -
Transfers from Government of Canada	29	**22**	214
Other Revenue	150	**211**	343
	14,279	**14,333**	557
EXPENSES - DIRECTLY INCURRED (NOTE 2b AND SCHEDULE 8)			
Voted (SCHEDULES 3 AND 5)			
Ministry Support Services	4,173	**4,171**	3,927
Strategic Intelligence	22,733	**22,406**	22,144
Positioning and Promoting	21,193	**24,974**	21,740
Strategic Economic Leadership	3,278	**3,450**	3,046
	51,377	**55,001**	50,857
STATUTORY (SCHEDULES 3 AND 5)			
Valuation Adjustments			
Provision for Vacation Pay	-	**232**	39
	51,377	**55,233**	50,896
Write Down on Inventories Held for Sale	-	**26**	14
Net Operating Results	$(37,098)	**$(40,926)**	$(50,353)

The accompanying notes and schedules are part of these financial statements.

MINISTRY OF ECONOMIC DEVELOPMENT

STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2003
(IN THOUSANDS)

	2003	2002
ASSETS		
Cash	**$2,225**	$2,005
Accounts Receivable (NOTE 3)	**285**	340
Advances (NOTE 4)	**603**	455
Inventories Held for Sale	**-**	28
Capital Assets (NOTE 5)	**130**	384
	$3,243	$3,212
LIABILITIES		
Accounts Payable and Accrued Liabilities	**$8,036**	$6,852
NET LIABILITIES		
Net Liabilities at Beginning of Year	**(3,640)**	(942)
Net Operating Results	**(40,926)**	(50,353)
Net Transfer from General Revenues	**39,773**	47,655
Net Liabilities at End of Year	**(4,793)**	(3,640)
	$3,243	$3,212

The accompanying notes and schedules are part of these financial statements.

MINISTRY OF ECONOMIC DEVELOPMENT

STATEMENT OF CHANGES IN FINANCIAL POSITION

FOR THE YEAR ENDING MARCH 31, 2003
(IN THOUSANDS)

	2003	2002
Operating Transactions		
Net Operating Results	**$(40,926)**	$(50,353)
Non-cash items :		
Amortization	**254**	265
Write Down of Inventories Held for Sale	**26**	14
Valuation Adjustments	**232**	39
	(40,414)	(50,035)
Decrease in Accounts Receivable	**55**	8
Increase in Advances	**(148)**	(124)
Decrease (increase) in Inventories Held for Sale [a]	**2**	(6)
Increase in Accounts Payable and Accrued Liabilities [b]	**952**	1,501
Cash used by Operating Transactions	**(39,553)**	(48,656)
Investing Transactions		
Transfer of Capital Asset to Alberta Corporate Service Centre	**-**	1
Cash provided by Investing Transactions	**-**	1
Financing Transactions		
Net transfer from General Revenues	**39,773**	47,655
Net Cash Provided (Used)	**220**	(1,000)
Cash, Beginning of Year	**2,005**	3,005
Cash, End of Year	**$ 2,225**	$ 2,005

The accompanying notes and schedules are part of these financial statements.
[a] Adjusted for write down of inventories held for sale.
[b] Adjusted for valuation adjustments.

MINISTRY OF ECONOMIC DEVELOPMENT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDING MARCH 31, 2003

NOTE 1
AUTHORITY AND PURPOSE

The Ministry of Economic Development operates under the authority of the *Government Organization Act*, Chapter G-10, Revised Statutes of Alberta 2000.

The Ministry of Economic Development's vision of ***Alberta is the best place in the world to live and do business*** and its mission ***to facilitate business and community prosperity*** will be accomplished by continuing to build strong teams, partnerships, and alliances with Alberta businesses and communities in facilitating industry and trade development, investment attraction and tourism.

We work to achieve our mission by concentrating on the following three core businesses:

1. Providing strategic policy and planning input for Alberta's economic development;
2. Promoting strategic intelligence that facilitates industry growth, trade and investment; and
3. Positioning and promoting Alberta for tourism, trade and investment.

NOTE 2
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES

These financial statements are prepared in accordance with the following accounting policies that have been established by government for all ministries, departments, agencies and funds. The recommendations of the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants are the primary source for the disclosed basis of accounting. Recommendations of the Accounting Standards Board of the Canadian Institute of Chartered Accountants, other authoritative pronouncements, accounting literature and published financial statements relating to either the public sector or analogous situations in the private sector are used to supplement the recommendations of the Public Sector Accounting Board where it is considered appropriate.

(a) Reporting Entity

The reporting entity is the Ministry of Economic Development for which the Minister of Economic

Development is accountable. The Department of Economic Development is the only reporting entity in the Ministry of Economic Development for the year ended March 31, 2003. The Ministry Annual Report provides a more complete picture of results achieved and of the responsibilities for which the Minister is accountable.

All departments of the Government of Alberta operate within the General Revenue Fund (the Fund). The Fund is administered by the Minister of Finance. All cash receipts of departments are deposited into the Fund and all cash disbursements made by departments are paid from the Fund. Net transfer to/from General Revenues is the difference between all cash receipts and all cash disbursements made.

(b) Basis of Financial Reporting

REVENUES

All revenues are reported on the accrual method of accounting. Cash received for which goods or services have not been provided by year end is recorded as unearned revenue.

INTERNAL GOVERNMENT TRANSFERS

Internal government transfers are transfers between entities within the government reporting entity where the entity making the transfer does not receive any goods or services directly in return.

DEDICATED REVENUE

Dedicated revenue initiatives provide a basis for authorizing spending. Dedicated revenues must be shown as credits or recoveries in the details of the Government Estimates for a supply vote. If actual dedicated revenues are less than budget and total voted expenses are not reduced by an amount sufficient to cover the deficiency in dedicated revenues, the following year's voted expenses are encumbered. If actual dedicated revenues exceed budget, the Ministry may, with the approval of the Treasury Board, use the excess revenue to fund additional expenses on the program. Schedule 2 discloses information on the Ministry's dedicated revenue initiatives.

EXPENSES

Directly Incurred

Directly incurred expenses are those costs the Ministry has primary responsibility and accountability for, as reflected in the Government's budget documents.

In addition to program operating expenses like salaries, supplies, etc., directly incurred expenses also include:

- amortization of capital assets.
- pension costs which comprise the cost of employer contributions for current service of employees during the year.
- valuation adjustments which include changes in the valuation allowances used to reflect financial assets at their net recoverable or other appropriate value. Valuation adjustments also represent the change in management's estimate of future payments arising from obligations relating to vacation pay.

Incurred by Others
Services contributed by other entities in support of the Ministry operations are disclosed in Schedule 8.

ASSETS
Financial assets of the Ministry are limited to financial claims, such as advances to and receivables from other organizations, employees and other individuals, as well as inventories held for sale. Inventories held for sale are valued at lower of cost and estimated net realizable value.

Assets acquired by right are not included. Capital assets of the Ministry are recorded at historical cost and amortized on a straight-line basis over the estimated useful lives of the assets. The threshold for capitalizing new systems development is $100,000 and the threshold for all other capital assets is $15,000.

LIABILITIES
Liabilities represent all financial claims payable by the Ministry at fiscal year end.

VALUATION OF FINANCIAL ASSETS AND LIABILITIES
Fair value is the amount of consideration agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act.

The fair values of cash, accounts receivable, advances, accounts payable and accrued liabilities are estimated to approximate their book values.

NET ASSETS/NET LIABILITIES
Net assets/net liabilities represents the difference between the carrying value of assets held by the Ministry and its liabilities.

FOREIGN CURRENCY TRANSACTIONS
The Ministry uses the temporal method to translate foreign currency transactions as follows:

- Monetary items are translated at the rate of exchange in effect at the balance sheet date; and
- Expense items and non-monetary items are translated at the rate of exchange in effect in the period they occur.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 3
ACCOUNTS RECEIVABLE
(IN THOUSANDS)

	2003			2002
	GROSS AMOUNT	ALLOWANCE FOR DOUBTFUL ACCOUNTS	NET REALIZABLE VALUE	NET REALIZABLE VALUE
Accounts Receivable	**$285**	**$-**	**$285**	$340

Accounts receivable are unsecured and non-interest bearing.

NOTE 4
ADVANCES
(IN THOUSANDS)

	2003	2002
	NET REALIZABLE VALUE	NET REALIZABLE VALUE
Travel and Other Advances	**$603**	$455

NOTE 5
CAPITAL ASSETS
(IN THOUSANDS)

		2003			2002
	ESTIMATED USEFUL LIFE	COST	ACCUMULATED AMORTIZATION	NET BOOK VALUE	NET BOOK VALUE
Equipment	5 Years	**$822**	**$792**	**$30**	$163
Computer Hardware and Software	3 Years	**1,192**	**1,092**	**100**	221
		$2,014	**$1,884**	**$130**	$384

NOTE 6
COMMITMENTS
(IN THOUSANDS)

As at March 31, 2003, the Ministry has the following commitments:

	TOTAL	GRANTS	CONTRACTS
2004	$13,977	$592	$13,385
2005	$12,892	$602	$12,290
2006	$10,703	$ -	$10,703

NOTE 7
CONTINGENCIES
(IN THOUSANDS)

As at March 31, 2003, the Ministry is jointly named with another government entity as a defendant in one legal claim (2002 – one legal claim), with a specified amount of $8,300 (2002 - $8,300). The Ministry considers that a valid defence exists in this instance; however, the resulting loss, if any, from this claim cannot be determined.

NOTE 8
DEFINED BENEFIT PLANS
(IN THOUSANDS)

The Ministry participates in the multiemployer pension plans, Management Employees Pension Plan and Public Service Pension Plan. The Ministry also participates in the multiemployer Supplementary Retirement Plan for Public Service Managers. The expense for these pension plans is equivalent to the annual contributions of $1,260 for the year ended March 31, 2003 (2002 – $1,082).

At December 31, 2002, the Management Employees Pension Plan reported a deficiency of $301,968 (2001 – surplus $5,338) and the Public Service Pension Plan reported an actuarial deficiency of $175,528 (2001 – actuarial surplus $320,487). At December 31, 2002, the Supplementary Retirement Plan for Public Service Managers had an actuarial surplus of $6,472 (2001 – actuarial deficiency $399).

The Ministry also participates in two multiemployer Long Term Disability Income Continuance Plans. At March 31, 2003, the Bargaining Unit Plan reported an actuarial deficiency of $14,434 (2002 – $8,646) and the Management, Opted Out and Excluded Plan an actuarial deficiency of $3,053 (2001 – $2,656). The expense for these two plans is limited to employer's annual contributions for the year.

NOTE 9
OTHER BUSINESS RELATIONSHIPS
(IN THOUSANDS)

(a) Travel Alberta International (TAI)

The Ministry is a party to a rolling three-year agreement with Travel Alberta International Inc. (TAI), a not-for-profit Corporation jointly owned by Economic Development Edmonton and Calgary Convention and Visitors Bureau, to carryout international tourism marketing on behalf of the Ministry. The nature of this arrangement, which expires March 31, 2006, is such that the Ministry exercises significant influence over the strategic operational, investing and financing activities of TAI. During the year the Ministry acquired tourism marketing services totalling $7,996 (2002 – $8,027) from TAI, of which $1,507 (2002 – $798) was payable to TAI as at March 31, 2003. These amounts are included in the Ministry's financial statements under the element "International Marketing" (Schedule 5).

(b) The Business Link Business Service Centre

The Business Link Business Service Centre (the "Centre") is incorporated as a not for profit organization under Part 9 of the Companies Act. Its mission is to deliver business information and information related assistance to entrepreneurs in the Province of Alberta, and reduce service overlap and duplication among its members. The members of the Centre consist of representation from the Province of Alberta and the Government of Canada, which share control of decisions related to the financial and operating policies of the Centre. During the year the Ministry contributed $574 (2002 – $669) towards the Centre's operations. These amounts are included in the Ministry's financial statements under the element "Regional Development" (Schedule 5). Additionally, $127 (2002 – $127) was incurred by the Ministry of Infrastructure to support accommodation costs of the Centre.

(c) CAPC

In April 1999 the Province of Alberta entered into a five year agreement, expiring in February 2004 with the China National Petroleum Corporation (CNPC), to jointly operate and manage the CNPC-Alberta Petroleum Centre (CAPC) located in Beijing, Peoples Republic of China. The main purpose of the CAPC is to promote the transfer of advanced petroleum and environment related science and technology between CNPC and Alberta. As at March 31, 2003 eight of the 18 positions of the board of the Centre were appointed by the Province of Alberta. During the year, the Ministry contributed $651 (2002 – $662) towards the operations and training programs and $87 (2002 – $104) towards upgrading the Centre's equipment. These amounts are included in the Ministry's financial statements under the element "International Trade Representation" (Schedule 5).

NOTE 10
COMPARATIVE FIGURES

Certain 2002 figures have been reclassified to conform to the 2003 presentation.

NOTE 11
APPROVAL OF FINANCIAL STATEMENTS

The Financial Statements were approved by the Senior Financial Officer and the Deputy Minister.

MINISTRY OF ECONOMIC DEVELOPMENT

SCHEDULE TO THE FINANCIAL STATEMENTS

REVENUE

FOR THE YEAR ENDING MARCH 31, 2003

SCHEDULE 1

(IN THOUSANDS)

	2003 BUDGET	2003 **ACTUAL**	2002 ACTUAL
INTERNAL GOVERNMENT TRANSFERS			
Transfers from the Lottery Fund	$14,100	**$14,100**	$ -
	14,100	**14,100**	-
TRANSFERS FROM GOVERNMENT OF CANADA			
Western Economic Partnership Agreement	29	**22**	214
	29	**22**	214
OTHER REVENUES			
Refund of Expenditure	-	**193**	283
Other Revenue	150	**18**	60
	150	**211**	343
Total Revenues	$14,279	**$14,333**	$557

MINISTRY OF ECONOMIC DEVELOPMENT

SCHEDULE TO THE FINANCIAL STATEMENTS

DEDICATED REVENUE INITIATIVES

FOR THE YEAR ENDING MARCH 31, 2003

SCHEDULE 2

(IN THOUSANDS)

	2003		
	AUTHORIZED DEDICATED REVENUES	ACTUAL DEDICATED REVENUES[1]	(SHORTFALL)[2]
TRANSFERS FROM GOVERNMENT OF CANADA:			
Western Economic Partnership Agreement			
Competitive Intelligence Training[3]	$ 29	$ 22	$ (7)
	$ 29	$ 22	$ (7)

[1] These amounts are recorded in the Ministry's Statement of Operations and disclosed in Schedule 1.

[2] Shortfall is deducted from current year's authorized budget, as disclosed in Schedules 4 and 5 to the financial statements.

[3] Western Economic Diversification Canada provided 50% of the funding to provide competitive intelligence training to Alberta private sector companies through a seminar series delivered in locations throughout the province.

MINISTRY OF ECONOMIC DEVELOPMENT

SCHEDULE TO THE FINANCIAL STATEMENTS

EXPENSES – DIRECTLY INCURRED DETAILED BY OBJECT

FOR THE YEAR ENDING MARCH 31, 2003

SCHEDULE 3

(IN THOUSANDS)

	2003		2002
	BUDGET	ACTUAL	ACTUAL
VOTED			
Salaries, Wages and Employee Benefits	$18,448	**$19,112**	$17,124
Supplies and Services	31,712	**30,012**	31,135
Grants	939	**5,552**	2,271
Financial Transactions and Other	61	**71**	62
Amortization of Capital Assets	217	**254**	265
Total Voted	$51,377	**$55,001**	$50,857
STATUTORY			
Valuation Adjustments			
Provision for Vacation Pay	$ -	**$ 232**	$ 39

MINISTRY OF ECONOMIC DEVELOPMENT

SCHEDULE TO THE FINANCIAL STATEMENTS

BUDGET

FOR THE YEAR ENDING MARCH 31, 2003

SCHEDULE 4

(IN THOUSANDS)

	2002-2003 ESTIMATES	ADJUSTMENTS[1]	2002-2003 BUDGET	AUTHORIZED SUPPLEMENTARY[2]	2002-2003 AUTHORIZED BUDGET
REVENUES:					
Internal Government Transfers	$ 14,100	$ -	$ 14,100	$ -	$ 14,100
Transfers from the Government of Canada	29	-	29	-	29
Other Revenues	150	-	150	-	150
	14,279	-	14,279	-	14,279
EXPENSES - DIRECTLY INCURRED:					
Voted Expenses					
Ministry Support Services	4,173	-	4,173	-	4,173
Strategic Intellegence	22,733	-	22,733	-	22,733
Positioning and Promoting	21,193	-	21,193	4,000	25,193
Strategic Economic Leadership	3,278	-	3,278	-	3,278
Dedicated Revenue Shortfall (SCHEDULE 2)	-	(7)	(7)	-	(7)
	51,377	(7)	51,370	4,000	55,370
	$ (37,098)	**$ (7)**	**$ (37,091)**	**$ (4,000)**	**$ (41,091)**

[1] Adjustment for shortfall in dedicated revenue.
[2] Supplementary Estimate approved on March 10, 2003.

MINISTRY OF ECONOMIC DEVELOPMENT

SCHEDULE TO THE FINANCIAL STATEMENTS

COMPARISON OF EXPENSES – DIRECTLY INCURRED BY ELEMENT TO AUTHORIZED BUDGET

FOR THE YEAR ENDING MARCH 31, 2003

SCHEDULE 5

(IN THOUSANDS)

Expense:	2002-03 ESTIMATES	ADJUSTMENTS	2002-03 ESTIMATES	AUTHORIZED SUPPLEMENTARY	2002-03 AUTHORIZED BUDGET	2002-03 ACTUAL EXPENSES	UNEXPENDED (OVER EXPENDED)
Voted Expenses and Capital Investments							
1. Ministry Support Services							
1.0.1 Minister's Office	$ 311	$ -	$ 311	$ -	$ 311	**$ 294**	$ 17
1.0.2 Deputy Minister's Office	367	-	367	-	367	**357**	10
1.0.3 Corporate Services	3,149	-	3,149	-	3,149	**2,994**	155
1.0.4 Communications	346	-	346	-	346	**526**	(180)
	4,173	-	4,173	-	4,173	**4,171**	2
2. Strategic Intelligence							
2.1 Trade Development							
2.1.1 Operations	277	-	277	-	277	**350**	(73)
2.1.2 International Trade Representation (NOTE 9)	5,797	-	5,797	-	5,797	**5,687**	110
2.1.3 Trade Development and Relations	6,481	-	6,481	-	6,481	**6,265**	216
	12,555	-	12,555	-	12,555	**12,302**	253
2.2 Industry and Regional Development							
2.2.1 Operations	296	-	296	-	296	**286**	10
2.2.2 Industry Development	3,837	-	3,837	-	3,837	**3,518**	319
2.2.3 Regional Development (NOTE 9)	3,418	-	3,418	-	3,418	**3,501**	(83)
	7,551	-	7,551	-	7,551	**7,305**	246
2.3 Information Management and Dissemination							
2.3.1 Information Management and Dissemination	2,627	-	2,627	-	2,627	**2,799**	(172)
	2,627	-	2,627	-	2,627	**2,799**	(172)
3. Positioning and Promoting							
3.1 Tourism Marketing							
3.1.1 Travel Alberta Secretariat							
- Operating Expense	-	-	-	35	35	**30**	5
- Operating Expense funded by Lotteries	1,200	-	1,200	-	1,200	**1,195**	5
3.1.2 In-Alberta/Regional Marketing							
- Operating Expense	-	-	-	250	250	**220**	30
- Operating Expense funded by Lotteries	2,650	-	2,650	-	2,650	**2,636**	14
3.1.3 International Marketing (NOTE 9)							
- Operating Expense	-	-	-	325	325	**315**	10
- Operating Expense funded by Lotteries	8,450	-	8,450	-	8,450	**8,459**	(9)
3.1.4 Tourism Destination Regions							
- Operating Expense	-	-	-	3,300	3,300	**3,300**	-
- Operating Expense funded by Lotteries	1,800	-	1,800	-	1,800	**1,800**	-
	14,100	-	14,100	3,910	18,010	**17,955**	55
3.2 Tourism Services							
3.2.1 Alberta Image Promotion	755	-	755	55	810	**825**	(15)
3.2.2 Research	390	-	390	-	390	**360**	30
3.2.3 Visitor Support Services	2,855	-	2,855	35	2,890	**2,974**	(84)
	4,000	-	4,000	90	4,090	**4,159**	(69)

continued

[1] Adjustment for shortfall in dedicated revenue

[2] Supplementary Estimate approved on March 10, 2003

[3] Includes achievement bonus of $611,000

MINISTRY OF ECONOMIC DEVELOPMENT
SCHEDULE TO THE FINANCIAL STATEMENTS
COMPARISON OF EXPENSES - DIRECTLY INCURRED BY ELEMENT TO AUTHORIZED BUDGET
FOR THE YEAR ENDING MARCH 31, 2003
SCHEDULE 5
(IN THOUSANDS)

CONTINUED

	2002-03 ESTIMATES	ADJUSTMENTS	2002-03 ESTIMATES	AUTHORIZED SUPPLEMENTARY	2002-03 AUTHORIZED BUDGET	2002-03 **ACTUAL EXPENSES**	UNEXPENDED (OVER EXPENDED)
3 Positioning and Promoting continued							
3.3 Tourism Development							
3.3.1 Tourism Development Branch	1,045	-	1,045	-	1,045	**1,006**	39
	1,045	-	1,045	-	1,045	**1,006**	39
3.4 Investment and Trade Promotion							
3.4.1 Investment Attraction	1,648	-	1,648	-	1,648	**1,545**	103
3.4.2 Trade Promotion	400	-	400	-	400	**309**	91
	2,048	-	2,048	-	2,048	**1,854**	194
4. Strategic Economic Leadership							
4.0.1 Policy and Economic Analysis	1,887	-	1,887	-	1,887	**1,713**	174
4.0.2 Performance Management / Strategic Planning	1,086	-	1,086	-	1,086	**1,464**	(378)
4.0.3 Alberta Economic Development Authority Operations	305	-	305	-	305	**273**	32
	3,278	-	3,278	-	3,278	**3,450**	(172)
Dedicated Revenue Shortfall (SCHEDULE 2)	-	(7)	(7)	-	(7)	-	(7)
	$51,377	$(7)	$51,370	$4,000	$55,370	**$55,001**	$369
TOTAL BY PROGRAM							
Ministry Support Services	4,173	-	4,173	-	4,173	**4,171**	2
Strategic Intelligence	22,733	-	22,733	-	22,733	**22,406**	327
Positioning and Promoting	21,193	-	21,193	4,000	25,193	**24,974**	219
Strategic Economic Leadership	3,278	-	3,278	-	3,278	**3,450**	(172)
Dedicated Revenue Shortfall (SCHEDULE 2)	-	(7)	(7)	-	(7)	-	(7)
	$51,377	$(7)	$51,370	$4,000	$55,370	**$55,001**	$369
Program Operating Expense	37,277	(7)	37,270	4,000	41,270	**40,911**	359
Program Operating Expense funded by Lotteries	14,100	-	14,100	-	14,100	**14,090**	10
	$51,377	$(7)	$51,370	$4,000	$55,370	**$55,001**	$369
STATUTORY EXPENSES							
Valuation Adjustments	$ -	$ -	$ -	$ -	$ -	**$ 232**	$(232)

* Adjustment for shortfall in dedicated revenue.
** Supplementary Estimate approved on March 10, 2003.
*** Includes achievement bonus of $611,000.

MINISTRY OF ECONOMIC DEVELOPMENT

SCHEDULE TO THE FINANCIAL STATEMENTS

SALARY AND BENEFITS DISCLOSURE

FOR THE YEAR ENDING MARCH 31, 2003

SCHEDULE 6

	2003			2002
	SALARY[1]	BENEFITS & ALLOWANCES[2]	TOTAL	TOTAL
Deputy Minister[3]	$176,283	$75,890	$252,173	$210,242
OTHER EXECUTIVES:				
Assistant Deputy Minister, Tourism and Industry[3]	139,971	35,412	175,383	157,134
Assistant Deputy Minister, Investment and Trade[3]	128,532	36,908	165,440	127,141
Executive Director, Policy and Economic Analysis	111,502	23,828	135,330	119,431
Executive Director, Strategic Planning	112,696	25,190	137,886	118,994
Senior Financial Officer[3]	91,803	17,149	108,952	102,546

Total salary and benefits relating to a position are disclosed.

[1] Salary includes regular base pay, bonuses, lump sum payments and any other direct cash remuneration.

[2] Benefits and allowances include the government's share of all employee benefits and contributions or payments made on behalf of employees including pension, health care, dental coverage, group life insurance, short and long term disability plans, WCB premiums, professional memberships and tuition fees. The Deputy Minister receives a car modifier allowance.

[3] The benefits and allowances figures include vacation payouts for the following individuals: Deputy Minister 2003 – $23,192 (2002 – $0), Assistant Deputy Minister, Tourism and Industry 2003 – $0 (2002 – $6,191), Assistant Deputy Minister, Investment and Trade 2003 – $6,466 (2002 – $1,916), Senior Financial Officer 2003 – $0 (2002 – $1,562).

MINISTRY OF ECONOMIC DEVELOPMENT

SCHEDULE TO THE FINANCIAL STATEMENTS

RELATED PARTY TRANSACTIONS

FOR THE YEAR ENDING MARCH 31, 2003

SCHEDULE 7

(IN THOUSANDS)

Related parties are those entities consolidated or accounted for on a modified equity basis in the Province of Alberta's financial statements. Related parties also include management in the Ministry. The Ministry and its employees paid or collected certain fees and charges set by regulation. These amounts were incurred in the normal course of business, reflect charges applicable to all users, and have been excluded from this Schedule.

The Ministry had the following transactions with related parties recorded on the Statement of Operations and the Statement of Financial Position at the amount of consideration agreed upon between the related parties:

	ENTITIES IN THE MINISTRY		OTHER ENTITIES	
	2003	2002	**2003**	2002
REVENUE:				
Transfer from the Lottery Fund	**$-**	$-	**$14,100**	$ -
EXPENSES:				
Alberta Corporate Service Centre (ACSC)	**$-**	$-	**$1,944**	$1,683
Other services	**-**	-	**231**	214
	$-	$-	**$2,175**	$1,897

The Ministry also had the following transactions with related parties for which no consideration was exchanged. The amounts for these related party transactions are estimated based on the costs incurred by the service provider to provide the service. These amounts are not recorded in the financial statements but are disclosed in Schedule 8.

continued

MINISTRY OF ECONOMIC DEVELOPMENT
SCHEDULE TO THE FINANCIAL STATEMENTS
RELATED PARTY TRANSACTIONS
FOR THE YEAR ENDING MARCH 31, 2003
SCHEDULE 7
(IN THOUSANDS)

CONTINUED

	ENTITIES IN THE MINISTRY		OTHER ENTITIES	
	2003	2002	**2003**	2002
EXPENSES – INCURRED BY OTHERS				
Accommodation	**$-**	$-	**$5,606**	$5,616
Other services	**-**	-	**60**	79
	$-	$-	**$5,666**	$5,695

The Ministry also had transactions with three entities over whom it exercises significant influence. These amounts are recorded in the Ministry's Statement of Operations and disclosed in Note 9.

The Ministry receives services under contracts managed by the Ministry of Government Services (ACSC). Any commitments under these contracts are reported by the Ministry of Government Services (ACSC).

MINISTRY OF ECONOMIC DEVELOPMENT

SCHEDULE TO THE FINANCIAL STATEMENTS

ALLOCATED COSTS

FOR THE YEAR ENDING MARCH 31, 2003

SCHEDULE 8

(IN THOUSANDS)

	2003					2002
		EXPENSES INCURRED BY OTHERS		VALUATION ADJUSTMENT		
	EXPENSES[1]	ACCOMMODATION COSTS	LEGAL SERVICES	VACATION PAY	TOTAL EXPENSES	TOTAL EXPENSES
PROGRAM:						
Ministry Support Services	$ 4,171	$ 663	$ 25	$ (2)	$ 4,857	$ 4,549
Strategic Intelligence	22,406	3,373	3	75	25,857	25,478
Positioning and Promoting	24,974	1,160	27	59	26,220	23,278
Strategic Economic Leadership	3,450	410	5	100	3,965	3,286
	$55,001	**$5,606**	**$ 60**	**$232**	**$60,899**	$56,591

[1] Expenses - Directly Incurred as per Statement of Operations, excluding valuation adjustments and write down of inventories held for sale.

OTHER INFORMATION

OTHER INFORMATION

Achievements for Specific Initiatives

Alphabetical List of Government Entities Financial Statements

ACHIEVEMENTS FOR SPECIFIC INITIATIVES

TABLE 1: TRADE SHOWS AND MISSIONS

NAME	ACHIEVEMENTS
Canadian Trade Mission to India (APRIL 16 - 28, 2002)	Participated in the Federal Minister of International Trade's mission to India and investigated the information technology industry in Bangalore and Karnataka. Alberta was promoted as an investment location and knowledge of business opportunities in several sectors was gathered.
Alberta Advanced Technology Mission China and Hong Kong (MAY 5 - JUNE 5, 2002)	Encouraged the development of cooperative initiatives in science and technology. Important intelligence was obtained during meetings with institutions, universities and private corporations from targeted regions within China.
Offshore Technology Conference, Houston, Texas. (MAY 6 - 9, 2002)	Participated jointly with the Newfoundland and Nova Scotia governments and the private sector on the Canada stand to promote Alberta's capabilities in the oil and gas sector. Gathered market intelligence on trends, set up seminars and promoted partnerships for Alberta companies in targeted international markets.
Premier's Investment Attraction Program - Kazakhstan and Russia (MAY 13 - JUNE 4, 2002)	Promoted the capabilities of Alberta companies in oil and gas, environment and engineering construction. Specific market intelligence and better knowledge about the working conditions and problems facing foreign companies was gathered and disseminated to companies and associations.
BIO 2002 Biotechnology Convention and Exhibition - Toronto, Canada (JUNE 9 - 12, 2002)	Showcased Alberta business opportunities; promoted Alberta companies' capabilities; and attracted partners, investors and employees.
Global Petroleum Show - Calgary, Canada (JUNE 11 - 13, 2002)	Facilitated Alberta oil and gas companies in showcasing their products and technologies to the world and provided networking opportunities with international and qualified buyers.
Mexico Value-Added Meat (JUNE 16 - 26, 2002)	Gathered market intelligence, explored market prospects and informed appropriate Alberta companies of the opportunities and contacts in the Mexican market. Developed a partnership between a Mexican research institute (CIAD) and the Leduc Food Processing Development Centre.
17th World Petroleum Congress/Rio Oil and Gas Expo 2002 – Brazil (AUGUST 27 - SEPTEMBER 11, 2002)	Identified trade opportunities for export-ready Alberta companies; promoted the capabilities products, and services of Alberta businesses; gathered market intelligence; provided input into the designing and crafting of trade strategy; and improved stakeholder access to trade intelligence and business information.

TABLE 1: TRADE SHOWS AND MISSIONS

NAME	ACHIEVEMENTS
Premier's Mission to Mexico and EnviroPro 2002 - San Jose, Mexico (SEPTEMBER 17 - 28, 2002)	Promoted Alberta interests in the environment sector; enhanced awareness of Alberta's presence; promoted the Alberta Advantage and Alberta's environmental capabilities; expanded contact between Albertan and Mexican counterparts; and enhanced participant knowledge of Mexico's environmental/market situation.
KIOGE 2002 in Kazakhstan; Russia; and Asia Development Bank (ADB) (SEPTEMBER 27 - OCTOBER 15, 2002)	Gathered market intelligence on the business climate in Kazakhstan and Russia, reached an agreement on trade missions to Alberta; strengthened relationships with key contacts in Russia, gained Russian Embassy support for future initiatives, established relationships with the ADB; and gathered intelligence on bank projects within targeted markets.
Ministerial Mission to Asia (Beijing, Tokyo and Hong Kong) - in conjunction with CMHC (NOVEMBER 1 - 23, 2002)	Re-negotiated the CAPC agreement to focus on new opportunities for Alberta businesses; increased understanding of market opportunities and issues in Hong Kong, Singapore, Shanghai and Beijing.
Premier's Investment Attraction Mission - New York (DECEMBER 7 - 10, 2002)	Clarified the Alberta government's position towards the Kyoto accord and the supply of oil to continental markets; established relations with potential investors; and increased stakeholder awareness of Alberta's importance, advantages and investment opportunities.
Petrotech 2003 Oil and Gas Conference and Exhibition - New Delhi, India (JANUARY 6 - 15, 2003)	Established relationships with various industry stakeholders; positioned Alberta as a major supplier of oil and gas equipment, services and unique technologies for hydrocarbon exploitation; and attracted an incoming mission to the Province of Alberta.
Investigation of New Opportunities for Agri Industrial Uses - Japan (MARCH 2003)	Established relationships with key industry stakeholders, research institutions and government for future collaborative opportunities in the emerging agri-industrial growth sector.
Emigrate 2003/Immigration Showcase Germany - Germany and England (MARCH 7 - 17, 2003)	Showcased Alberta; promoted Alberta's Provincial Nominee Program; received and filed resumes from interested immigrants from both Germany and England.
Ministerial Mission to Minneapolis, USA (MARCH 11 - 12, 2003)	Promoted the Alberta Advantage; discussed current business conditions; explored future investment opportunities, promoted Alberta' strong economy; and explored new collaborative opportunities for the province.
Mission - Seoul, Korea (MARCH 15 - 22, 2003)	Promoted Alberta capabilities and products; established industry contacts; improved collaboration between Agriculture and Food Branch and the Alberta Korea Office; and increased understanding of Korean market dynamics and opportunities relative to value-added food products.
Pan-American Environmental Trade Show and Conference - Montreal, Canada (MARCH 19 - 21, 2003)	Provided a forum for the partnering organizations (provincial, federal, industry and associations) to work together to advance Alberta's and western Canada's environmental industry export development; generated and distributed business leads to Alberta stakeholders; reviewed technological advances and industry best practices; and showcased Alberta's environmental capabilities to key industry decision makers.

TABLE 2: REGIONAL ALLIANCES

ALLIANCE	ACHIEVEMENTS
Peace Region Economic Development Alliance (PREDA) LOCATION: Northwest Alberta AED CONTRIBUTION: $60,000	• Completed and distributed a regional investment profile. • Secured funding and opened The Innovation Network, the first innovation tool developed in a rural area. It assists companies and individuals with new product development from the conception stage to commercialization.
Grizzly Region Economic Alliance Society (GROWTH) LOCATION: Swan Hills to County of Barrhead to County of Thorhild AED CONTRIBUTION: $60,000	• Completed 5-year regional business plan, and marketing and communication strategy to better assist the alliance to implement economic development priorities.
Battle River Alliance for Economic Development (BRAED) LOCATION: Battle River Region, East Central Alberta AED CONTRIBUTION: $42,400	• Completed a multi-year business plan and communications and information strategy to enhance economic prosperity in the region. • Identified opportunities in the tourism industry to increase economic development for the region.
Northeast Alberta Information Hub (HUB) LOCATION: Area comprising Smoky Lake to Cold Lake to Lloydminster AED CONTRIBUTION: $47,640	• Completed a dynamic industry cluster map, showcased as a leading-edge international marketing tool. This was the first time it was done for a region in Canada. • Facilitated industry investment attraction and opportunity identification to enhance economic development in the region.
Palliser Economic Partnership (PEP) LOCATION: Southeast Alberta, Open to Cypress County AED CONTRIBUTION: $60,000	• Participated (one of four alliances) as a member of Trade Team Alberta in Emigrate 2003 and Immigration Showcase – Germany to attract skilled workers to Alberta. • Completed Phases I and II of a Regional Economic Development Strategy designed to identify regional investment opportunities in various economic sectors.
Central Alberta Economic Partnership (CAEP) LOCATION: Central Alberta, E/W of Red Deer AED CONTRIBUTION: $60,000	• Completed an extensive regional profile "Central Alberta – A Region of Opportunity." • Initiated Province CAEP Cross Ministry pilot project. This project holds five collaborative initiatives to further enhance CAEP's business plan and the economic priorities of Central Alberta.

ACHIEVEMENTS FOR REGIONAL INITIATIVES (CONTINUED)

TABLE 2: REGIONAL ALLIANCES

ALLIANCE	ACHIEVEMENTS
Grande Alberta Economic Region (GAER) LOCATION: West Yellowhead area south to Drayton Valley and north to Whitecourt AED CONTRIBUTION: $60,000	• Facilitated and supported delivery of Community Economic Development Basic Training to all members, increasing awareness and understanding of best practices in economic development. • Launched regional Web site www.grandealberta.com in June 2002 to improve communication and to enhance investment and business attraction to the region.

TABLE 3: ECONOMIC AND BUSINESS PUBLICATIONS

PUBLICATION	DESCRIPTION	RELEASE DATE
Alberta Business Outlook	Discusses outlook for the Alberta economy by sector.	Published twice yearly in June and December.
Global Economic Outlook	A publication that reviews the economic outlook in key regions of the world.	Published twice yearly in June and December.
Highlights of the Alberta Economy	A "signature" publication for the department that documents advantages of locating or operating a business in Alberta.	Published once a year in September.
Monthly Economic Review	Reports a variety of indicators on the performance of the Alberta economy.	Published monthly.
International Trade Review	Reports Alberta annual export data, including profiles of importing countries.	Annual report published in May. Quarterly summaries in March, June, September and December.
Tourism Market Monitor	A statistical sheet showing activity in a number of tourism indicators.	Published monthly.
Inventory of Major Alberta Projects	Tracks major capital projects in Alberta (capital investment $2 million and up), proposed, underway or recently completed.	Published at the end of each quarter.
Inventory of Alberta Regional Projects	Tracks capital projects in Alberta outside of major urban centres (capital investment of less than $2 million), proposed, underway or recently completed.	Published at the end of each quarter.
Facts on Alberta	An investment attraction handbook on Alberta, which contains detailed information about Alberta's economy, infrastructure and lifestyle.	Published annually in September.

TABLE 4: KEY WEB SITES

WEBSITE	DESCRIPTION
www.alberta-canada.com	This Web site supports the vision and the mission of Alberta Economic Development by providing a broad range of client-driven economic and business information, strategic intelligence to Alberta companies, information about AED and key links to strategic Web site alliances.
www.TravelAlberta.com	The official, primary consumer travel information tool for people interested in travelling to and around Alberta. It is designed as a portal Web site, efficiently directing consumers to comprehensive tourism information and operators within Alberta. TravelAlberta.com realized significant growth in the 2002-03 fiscal year with a 154 per cent increase in visitor sessions to the Web site (over one million). About 73,000 vacation guides were downloaded, representing a 108 per cent increase over the prior fiscal year.
www.AlbertaFirst.com	A provincial, municipal and industry partnership dedicated to the promotion of business and community development across the Province of Alberta. It has been designed to be a rich source of information that will assist businesses and entrepreneurs in their business ventures. AlbertaFirst.com is averaging more than 1,000 visitor sessions per day with an average length of time on the site of 15 to 16 minutes. More than 6,000 profiles on Alberta Communities are downloaded from the site each month.
www.albertafilm.ca	A new Web site that lets you browse Alberta Film's digital library. This library is comprised of more than 9,000 pictures, representing a wide variety of shooting locations, access to the production guide, and getting information on the services, professional crews and world class facilities available in Alberta. Includes the unique Alberta Film Development Program and other resources available to local Alberta Producers.

ALPHABETICAL LIST OF GOVERNMENT

GOVERNMENT ENTITIES

FINANCIAL STATEMENTS

ENTITIES INCLUDED IN THE CONSOLIDATED GOVERNMENT REPORTING ENTITY

MINISTRY, DEPARTMENT, FUND OR AGENCY	MINISTRY ANNUAL REPORT
Agriculture Financial Services Corporation	Agriculture, Food and Rural Development
Alberta Alcohol and Drug Abuse Commission	Health and Wellness
Alberta Energy and Utilities Board	Energy
Alberta Foundation for the Arts	Community Development
Alberta Gaming and Liquor Commission	Gaming
Alberta Government Telephones Commission, The	Finance
Alberta Heritage Foundation for Medical Research Endowment Fund	Revenue
Alberta Heritage Savings Trust Fund	Revenue
Alberta Heritage Scholarship Fund	Revenue
Alberta Heritage Science and Engineering Research Endowment Fund	Revenue
Alberta Historical Resources Foundation, The	Community Development
Alberta Insurance Council	Finance
Alberta Municipal Financing Corporation	Finance
Alberta Pensions Administration Corporation	Finance
Alberta Petroleum Marketing Commission	Energy
Alberta Research Council Inc.	Innovation and Science
Alberta Risk Management Fund	Revenue
Alberta School Foundation Fund	Learning
Alberta Science and Research Authority	Innovation and Science
Alberta Securities Commission	Revenue
Alberta Social Housing Corporation	Seniors
Alberta Sport, Recreation, Parks and Wildlife Foundation	Community Development

ENTITIES INCLUDED IN THE CONSOLIDATED GOVERNMENT REPORTING ENTITY

MINISTRY, DEPARTMENT, FUND OR AGENCY	MINISTRY ANNUAL REPORT
Alberta Treasury Branches	Finance
ATB Investment Services Inc.	Finance
Child and Family Services Authorities:	Children's Services
Awasak Child and Family Services Authority	
Calgary Rocky View Child and Family Services Authority	
Child and Family Services Authority Region 13	
Child and Family Services Authority Region 14	
Diamond Willow Child and Family Services Authority	
Hearthstone Child and Family Services Authority	
Keystone Child and Family Services Authority	
Ma' Mowe Capital Region Child and Family Services Authority	
Metis Settlements Child and Family Services Authority	
Neegan Awas'sak Child and Family Services Authority	
Ribstone Child and Family Services Authority	
Sakaigun Asky Child and Family Services Authority	
Sakaw-Askiy Child and Family Services Authority	
Silver Birch Child and Family Services Authority	
Southeast Alberta Child and Family Services Authority	
Sun Country Child and Family Services Authority	
West Yellowhead Child and Family Services Authority	
Windsong Child and Family Services Authority	
Credit Union Deposit Guarantee Corporation	Finance
Crop Reinsurance Fund of Alberta	Agriculture, Food and Rural Development
Department of Agriculture, Food and Rural Development	Agriculture, Food and Rural Development
Department of Children's Services	Children's Services
Department of Community Development	Community Development
Department of Energy	Energy
Department of Finance	Finance
Department of Gaming	Gaming
Department of Health and Wellness	Health and Wellness
Department of Innovation and Science	Innovation and Science
Department of Learning	Learning
Department of Revenue	Revenue

ENTITIES INCLUDED IN THE CONSOLIDATED GOVERNMENT REPORTING ENTITY

MINISTRY, DEPARTMENT, FUND OR AGENCY	MINISTRY ANNUAL REPORT
Department of Seniors	Seniors
Department of Solicitor General	Solicitor General
Department of Sustainable Resource Development	Sustainable Resource Development
Environmental Protection and Enhancement Fund	Sustainable Resource Development
Gainers Inc.	Finance
Government House Foundation, The	Community Development
Historic Resources Fund	Community Development
Human Rights, Citizenship and Multiculturalism Education Fund	Community Development
iCORE Inc.	Innovation and Science
Lottery Fund	Gaming
Ministry of Aboriginal Affairs and Northern Development[1]	Aboriginal Affairs and Northern Development
Ministry of Agriculture, Food and Rural Development	Agriculture, Food and Rural Development
Ministry of Children's Services	Children's Services
Ministry of Community Development	Community Development
Ministry of Economic Development[1]	Economic Development
Ministry of Energy	Energy
Ministry of Environment[1]	Environment
Ministry of Finance	Finance
Ministry of Executive Council[1]	Executive Council
Ministry of Gaming	Gaming
Ministry of Government Services[1]	Government Services
Ministry of Health and Wellness	Health and Wellness
Ministry of Human Resources and Employment[1]	Human Resources and Employment
Ministry of Infrastructure[1]	Infrastructure
Ministry of Innovation and Science	Innovation and Science
Ministry of International and Intergovernmental Relations[1]	International and Intergovernmental Relations
Ministry of Justice[1]	Justice
Ministry of Learning	Learning

[1] Ministry includes only the department so separate department financial statements are not necessary.

ENTITIES INCLUDED IN THE CONSOLIDATED GOVERNMENT REPORTING ENTITY

MINISTRY, DEPARTMENT, FUND OR AGENCY	MINISTRY ANNUAL REPORT
Ministry of Municipal Affairs[1]	Municipal Affairs
Ministry of Revenue	Revenue
Ministry of Seniors	Seniors
Ministry of Solicitor General	Solicitor General
Ministry of Sustainable Resource Development	Sustainable Resource Development
Ministry of Transportation[1]	Transportation
N.A. Properties (1994) Ltd.	Finance
Natural Resources Conservation Board	Sustainable Resource Development
Persons with Developmental Disabilities Boards: Calgary Region Community Board Central Region Community Board Edmonton Region Community Board Michener Centre Facility Board[2] Northeast Region Community Board Northwest Region Community Board Provincial Board South Region Community Board	Community Development
Provincial Judges and Masters in Chambers Reserve Fund	Finance
Supplementary Retirement Plan Reserve Fund	Finance
Victims of Crime Fund	Solicitor General
Wild Rose Foundation, The	Community Development

[1] Ministry includes only the department so separate department financial statements are not necessary.
[2] Dissolved July 23, 2002

ENTITIES NOT INCLUDED IN THE CONSOLIDATED GOVERNMENT REPORTING ENTITY

FUND OR AGENCY	MINISTRY ANNUAL REPORT
Alberta Cancer Board	Health and Wellness
Alberta Foundation for Health Research	Innovation and Science
Alberta Heritage Foundation for Medical Research	Innovation and Science
Alberta Heritage Foundation for Science and Engineering Research	Innovation and Science
Alberta Mental Health Board	Health and Wellness
Alberta Teachers' Retirement Fund Board	Learning
Improvement Districts' Trust Account	Municipal Affairs
Local Authorities Pension Plan	Finance
Long-Term Disability Income Continuance Plan - Bargaining Unit	Human Resources and Employment
Long-Term Disability Income Continuance Plan - Management, Opted Out and Excluded	Human Resources and Employment
Management Employees Pension Plan	Finance
Provincial Judges and Masters in Chambers Pension Plan	Finance
Public Post Secondary Institutions	Learning
Public Service Management (Closed Membership) Pension Plan	Finance
Public Service Pension Plan	Finance
Regional Health Authorities	Health and Wellness
School Boards	Learning
Special Areas Trust Account, The	Municipal Affairs
Special Forces Pension Plan	Finance
Supplementary Retirement Plan for Provincial Judges and Masters in Chambers	Finance
Supplementary Retirement Plan for Public Service Managers	Finance
Workers' Compensation Board	Human Resources and Employment

SEPTEMBER 2003

PRINTED IN CANADA ON RECYCLED PAPER

ISBN 0-7785-2857-7 • ISSN 1198-4627

ALBERTA ECONOMIC DEVELOPMENT
6th floor Commerce Place
10155 - 102 Street
Edmonton, AB T5J 4L6
Tel: (780) 415-1319
Fax: (780) 422-9127
E-mail: alberta.advantage@gov.ab.ca
Web site: www.alberta-canada.com

Alberta Advantage

Alberta